

11 MAG 2441

Approved:

Christopher D. Frey
CHRISTOPHER D. FREY
Assistant United States Attorney

Before:

HONORABLE ANDREW J. PECK
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA

SEALED COMPLAINT

- v. -

Violation of
18 U.S.C. § 1349

LUBA KRAMRISH,

Defendant.

COUNTY OF OFFENSE:
NEW YORK

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SOUTHERN DISTRICT OF NEW YORK, ss.:

CARRIE E. FISHER, being duly sworn, deposes and says that she is a Special Agent with the Federal Bureau of Investigation ("FBI"), and charges as follows:

COUNT ONE

1. From in or about 1999, up to and including in or about 2008, in the Southern District of New York and elsewhere, LUBA KRAMRISH, the defendant, and others known and unknown, wilfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Section 1341 of Title 18, United States Code.

2. It was a part and an object of the conspiracy that LUBA KRAMRISH, the defendant, and others known and unknown, wilfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service, and would and did knowingly cause to be delivered by mail according to the direction thereon, and at the place at which it is directed to be delivered by the person to whom it is addressed, such matter and thing, in violation of Title 18, United States Code, Section 1341.

OVERT ACT

3. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt act, among others, was committed in the Southern District of New York and elsewhere:

a. In or about 2002, LUBA KRAMRISH, the defendant, obtained copies of identification documents that were used to prepare a fraudulent application, submitted in Manhattan, to obtain funds intended for Holocaust survivors.

(Title 18, United States Code, Section 1349.)

The bases for my knowledge and the foregoing charge are, in part, as follows:

4. I am a Special Agent with the Federal Bureau of Investigation ("FBI"), and have been so employed for approximately seven years. I am currently assigned to a squad that investigates mail and wire fraud, among other things. I have been personally involved in the investigation of this matter. This affidavit is based upon my conversations with other law enforcement agents and witnesses, my examination of reports and records, and my personal participation in the investigation of this matter. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

THE CLAIMS CONFERENCE

5. I and other FBI agents have been investigating this matter since approximately December 2009, when the Conference on Jewish Material Claims Against Germany, Inc. (the "Claims Conference") brought the matter to the attention of federal authorities. In the course of the investigation, we have reviewed records provided by the Claims Conference and other documents, we have spoken with representatives of the Claims Conference, and we have interviewed numerous witnesses. From my review of documents, my interviews of witnesses, my involvement in this investigation, and my discussions with other FBI agents and witnesses, I know the following:

a. The Claims Conference is a not-for-profit organization which states that its mission is to secure a small measure of justice for Jewish victims of Nazi persecution. It has pursued this goal through a combination of negotiations, disbursing funds provided by the German government to individuals and organizations, and seeking the return of Jewish property lost during the Holocaust. The Claims Conference maintains offices in Manhattan, and in Germany and Israel. In furtherance of its mission, the Claims Conference supervises and administers several funds which provide payments to victims of the Nazis, one of which is called the Article 2 Fund.

b. The purpose of the Article 2 Fund is to make reparations to Jewish survivors of Nazi persecution who were in hiding, living under a false identity, in a ghetto established for Jewish individuals, or who were incarcerated in a forced labor camp or concentration camp. Only applicants alive (or in utero) during World War II are eligible. To qualify for the Article 2 Fund, applicants must have lived in hiding or under a false identity, under inhumane conditions, for at least 18 months in Nazi-occupied territory; been imprisoned in a ghetto for at least 18 months; or been incarcerated in a concentration camp or forced labor camp for at least six months. The Article 2 Fund targets those in need; accordingly, under the Article 2 Fund's financial eligibility restrictions, applicants are excluded if they earn more than \$16,000 annually after taxes. (Before 2007, the income limit was \$16,000 annually after taxes for an individual and \$21,000 annually after taxes for a couple). Eligible applicants to the Article 2 Fund receive monthly payments (paid on a quarterly basis) of approximately 291 Euros per month, which when converted to dollars is approximately \$400 as of the date of this Complaint. (The dollar amount has fluctuated with the exchange rate over the course of the conspiracy).

c. The Article 2 Fund is funded by the German Government. Applications and payments are processed by the Claims Conference, acting as an agent of the German government. During the time period relevant to the events described herein, applications by persons living in the United States were processed by the Claims Conference in Manhattan. The Claims Conference generally receives the applications by mail. The applicants must provide, among other things, a copy of their identification, date of birth, information about their family, and a description of their persecution during World War II.

d. Each application that is received by the Claims Conference is supposed to go through a verification process, wherein case workers must examine historical documents to corroborate the persecution history described in the application by a particular applicant. If approved for payment, a check is mailed to the applicant or electronically deposited into the applicant's bank account. The initial Article 2 Fund payment typically includes a larger lump sum representing back pay to the date of the application. The Claims Conference receives and processes thousands of applications each year.

OPERATION OF THE FRAUDULENT SCHEME

6. As explained in greater detail below, I believe that the Article 2 Fund has been victimized by a long-running scheme involving corrupt employees of the Claims Conference and others. In furtherance of the scheme, members of the conspiracy submitted, and caused to be submitted, fraudulent applications for that fund, which were then approved by the corrupt Claims Conference employees, typically in exchange for a percentage of the money disbursed to the applicant.¹

7. Based upon the FBI's investigation and an internal investigation by the Claims Conference, it is clear that fraud has been perpetrated on the Article 2 Fund. As part of the scheme, the co-conspirators used and submitted falsified identification documents, with false dates and places of birth, to the Claims Conference. In addition, documents were fraudulently altered to make it appear that the applicant's persecution history was verified by outside sources. Moreover, based on witness interviews, we have identified applications in which the description of persecution is fabricated and was not provided by the applicant.

8. Based upon the FBI's investigation, including numerous witness interviews, I know that certain participants in the scheme acted as "recruiters." Those recruiters collected identification documents of people primarily in the Russian Jewish community so that the identification documents would be used in support of a fraudulent application to the Article 2 Fund. The recruiters passed the documents to other recruiter co-

¹ To date, nine individuals have pled guilty in the Southern District of New York to participating in this scheme. Ten others have been indicted. See United States v. Domnitser, et al., 11 Cr. 120 (TPG). One other individual has been arrested pursuant to a Complaint but has not yet been indicted.

conspirators, and ultimately to a corrupt employee of the Claims Conference. The recruiters collected the documents in exchange for a portion of the money the applicants received.

9. Based upon the investigation to date, approximately 1,112 Article 2 Fund applications appear to have been fraudulent, resulting in a loss to the Article 2 Fund of approximately \$45 million.

10. I have spoken to a cooperating witness ("CW-1")² who stated, in substance and in part, the following:

a. CW-1 was employed as a caseworker at the Claims Conference. Beginning in or about 2004, CW-1 began to alter applications that several recruiters provided to CW-1.

b. CW-1 has known LUBA KRAMRISH, the defendant, for more than ten years. KRAMRISH lives in Canada, and CW-1 was initially introduced to KRAMRISH through one of CW-1's friends. KRAMRISH called CW-1 about KRAMRISH's mother, who had applied for payment from the Article 2 Fund and had been waiting quite some time for a decision.

c. After speaking with KRAMRISH, CW-1 spoke with the caseworker who was responsible for processing KRAMRISH's mother's Article 2 Fund application. At that time, CW-1 learned that the persecution history provided by KRAMRISH's mother could not be verified by that caseworker. CW-1 took the case file, examined it, and discovered a way to falsify certain information so that the case would be approved. As a result of this, KRAMRISH's mother's Article 2 Fund application was ultimately approved for payment.

d. After CW-1 succeeded in getting KRAMRISH's mother's Article 2 Fund application approved, KRAMRISH began providing CW-1 with documents for other individuals looking to receive payment from the Article 2 Fund. CW-1 estimates that KRAMRISH provided documents for approximately 20 to 25 different cases. CW-1 helped falsify these applications so that they would be approved.

² CW-1 has pled guilty pursuant to a cooperation agreement in the Southern District of New York and is cooperating with the Government's investigation in the hope of receiving leniency at sentencing. Much of the information CW-1 has provided to date has been corroborated by recordings and other witnesses.

e. In exchange, KRAMRISH paid CW-1 between \$2,000 to \$4,000 per application. Among other places, KRAMRISH paid CW-1 in New York City and in Toronto.

11. I have reviewed a report prepared by another FBI agent who has spoken to the son of an elderly witness ("Witness-1") who stated, in substance and in part, the following:

a. Witness-1 was born on November 25, 1932 in Khmelnytsky, Ukraine. When World War II started, Witness-1 ran from Khmelnytsky, Ukraine to various places until Witness-1 reached Kharkov, Ukraine. Witness-1 never spent time in a forced labor camp or concentration camp. In approximately 1941 or 1942, Witness-1 evacuated to Saratov, Russia.

b. Witness-1 completed a Hardship Fund³ application, but a great deal of time passed without any response from the Claims Conference. As a result, Witness-1's husband contacted the Claims Conference to inquire about the status and spoke with CW-1. CW-1 could not locate Witness-1's Hardship Fund application and assumed it had been lost. CW-1 indicated that CW-1 would have an attorney help Witness-1 with the process.

c. Shortly thereafter, an individual named "Luba Kramrish," whom Witness-1 believed to be an attorney, contacted Witness-1. "Luba Kramrish" told Witness-1 that she would send a letter with instructions and an application.

d. Witness-1 followed the instructions that Witness-1 received in the mail from "Luba Kramrish." Witness-1 was ultimately approved to receive payments from the Article 2 Fund. When Witness-1 received the first Article 2 Fund payment,

³ The purpose of the Hardship Fund, which is also funded by the German Government and administered by the Claims Conference, is to make reparations to Jewish survivors of Nazi persecution who were forced to leave their homes and then became refugees when they fled the Nazis. Thus, the majority of payments made by the Hardship Fund are to individuals from former Soviet bloc countries who were not under direct Nazi occupation, but who fled to escape the Nazi advance. Like the Article 2 Fund, only individuals who were alive (or in utero) during World War II are eligible. Eligible applicants to the Hardship Fund receive a one-time payment of approximately 2556.46 Euros, which when converted to dollars is approximately \$3,550 as of the date of this Complaint. (The dollar amount has fluctuated with the exchange rate over the course of the conspiracy).

Witness-1 wrote "Luba Kramrish" a check for \$3,500. A few months later, Witness-1 wrote "Luba Kramrish" another check for \$1,500. Later, "Luba Kramrish" requested an additional \$500, claiming that she had done a lot of work for Witness-1. Witness-1 wrote "Luba Kramrish" another check for \$500.

12. I have reviewed an English translation of the letter, written in Russian, that Witness-1 received from "Luba Kramrish," and know the following, among other things:

a. The letter directs Witness-1 to sign an enclosed "questionnaire" in the presence of a person attesting to Witness-1's signature, but states that Witness-1 should not fill out the "questionnaire." Instead, the letter directs Witness-1 to answer the questions on a blank sheet of paper, and leave blank any questions to which Witness-1 does not know the answer.

b. The letter also requests photocopies of Witness-1's birth certificate, marriage certificate, passport, social security card, and income tax returns.

c. The letter directs that these materials should be mailed to "L. Kramrish" at an address on Black Hawk Way in Toronto, Canada.

13. Based on my review of certain bank records and cancelled checks, I have learned the following, among other things:

a. On or about April 12, 2004, Witness-1 wrote a check to "L. Kramrish" in the amount of \$3,500.

b. On or about April 19, 2004, Witness-1 wrote a check to "L. Kramrish" in the amount of \$500.

c. On or about August 26, 2004, Witness-1 wrote a check to "L. Kramrish" in the amount of \$1,500.

14. I have reviewed an Article 2 Fund application in the name of Witness-1, dated September 10, 2002. I have learned that according to the application, Witness-1 was living under Nazi occupation in Khmelnytsky, Ukraine from in or about 1941 until in or about 1944, which contradicts Witness-1's description of evacuation, as set forth in paragraph 11(a), above.

15. As part of its review of fraudulent applications, the Claims Conference has determined that Witness-1's application and supporting documents contained false information and that Witness-1 is ineligible for the Article 2 Fund. Verification information that the Claims Conference recently obtained from an outside source ("Source-1")⁴ shows that Witness-1 fled with Witness-1's mother and siblings from Kharkov, Ukraine to Saratov, Russia.

16. I have spoken to another witness ("Witness-2") who stated, in substance and in part, the following:

a. Witness-2 was provided contact information for an individual Witness-2 knew as "Luba Kramrish" by a friend who had been approved to receive payments from the Article 2 Fund. Thereafter, Witness-2 spoke with "Luba Kramrish," who indicated that she would send Witness-2 an application and requested that Witness-2 send her Witness-2's birth certificate, marriage certificate, and tax return or proof of income. Witness-2 sent these materials to "Luba Kramrish" for Witness-2 and Witness-2's spouse at the same time, and subsequently sent additional documents as requested.

b. Witness-2 and Witness-2's spouse were approved for payment from the Article 2 Fund. As soon as Witness-2 learned that Witness-2 had been approved for payment, Witness-2 called "Luba Kramrish," who told Witness-2 how much Witness-2 would have to pay. Witness-2 paid cash for both that application and for the application of Witness-2's spouse. "Luba Kramrish" instructed Witness-2 to deliver the money to CW-1 in Brooklyn, New York. According to "Luba Kramrish," CW-1 would be traveling to Canada shortly and would make sure she received the money.

c. Witness-2 never filled out any documents, or wrote about being in a camp. In fact, neither Witness-2 nor Witness-2's spouse were in a camp. Witness-2's mother was pregnant with Witness-2 when she fled the Nazi advance during World War II.

d. In or about 2010, when Witness-2's pension was suspended by the Claims Conference, Witness-2 contacted "Luba Kramrish." "Luba Kramrish" told Witness-2 that Witness-2 should have realized that the program was for people in the camps.

⁴ Records from Source-1 are considered to be reliable, historical records.

17. I have reviewed an Article 2 Fund application in the name of Witness-2, dated April 2, 2003, and I have learned the following:

a. The application materials contain a description of Witness-2's life in hiding, which is completely different from Witness-2's description of Witness-2's in utero evacuation as stated during Witness-2's interview with the FBI.

b. The application materials list a last name for Witness-2's parents that is completely different from the last name Witness-2 provided for Witness-2's parents during Witness-2's interview with the FBI.

c. The application materials include a purported birth certificate for Witness-2, indicating that Witness-2's place of birth was a geographic region occupied by the Nazis during World War II. This birth certificate is fraudulent, as confirmed by Witness-2, who was born in a geographic region that was not occupied by the Nazis during World War II.

18. I have reviewed records provided by another outside source ("Source-2")⁵ containing biographical information about Witness-2, which states that Witness-2 was born in a geographic region that was never occupied by the Nazis during World War II.

19. I have reviewed an English translation of a letter, written in Russian, that was sent to the Claims Conference by another witness ("Witness-3") in response to the Claims Conference's determination that the Article 2 Fund application of Witness-3 appears to be fraudulent, and I have learned the following:

a. Witness-3 was born in or about May, 1941.

b. Witness-3 learned of a woman named "Luba Kramrish" from the boyfriend of Witness-3's cousin, who indicated that he knew a person who helps Russian-speaking people receive money as victims of the Holocaust.

c. Witness-3 called "Luba Kramrish," who lived in Toronto. "Luba Kramrish" sent Witness-3 an application in English and asked Witness-3 to send back certain information and documents.

⁵ Records from Source-2 are considered to be reliable, historical records.

d. After Witness-3's application was approved and Witness-3 received the first payment, Witness-3 gave some money to "Luba Kramrish" through Witness-3's cousin's boyfriend.

20. Witness-3 included a copy of a record provided by Source-1 with the letter described in paragraph 19, above, which I have reviewed. Based on my review of that record, I know that Witness-3 fled from territory occupied by the Nazis during World War II.

21. I have reviewed an Article 2 Fund application in the name of Witness-3, dated July 5, 1999, and I have learned the following:

a. Although Witness-3 resided in a location in upstate New York several hours by car from the New York City metropolitan area at the time the application was submitted to the Claims Conference, Witness-3's signature was purportedly notarized by a co-conspirator not named herein ("CC-1") whom I know to have lived in Brooklyn, New York during the relevant time period.

b. The application materials list Witness-3's date of birth as being in or about December, 1941, which is false. As indicated above, Witness-3's actual date of birth is in or about May, 1941.

c. The application materials contain a description of Witness-3's life in hiding, which is completely inconsistent with Witness-3's recent representation to the Claims Conference of evacuation, as supported by the record from Source-1.

22. I have reviewed a letter that was sent to the Claims Conference by the son of another elderly witness ("Witness-4") in response to the Claims Conference's determination that the Article 2 Fund application of Witness-4 appears to be fraudulent, and I have learned the following:

a. Witness-4 was approached by CW-1, who claimed to work for the Claims Conference and to be an expert in the field of applying for money available to victims of the Holocaust. CW-1 referred Witness-4 to a woman named "Luba Kramrish," whom CW-1 indicated was a co-worker who handled cases for people living in Canada.

b. Witness-4 met with "Luba Kramrish" and told her the story of Witness-4's experience in World War II. "Luba Kramrish" told Witness-4 that Witness-4 was the perfect candidate and that she could help with Witness-4's application. "Luba Kramrish" explained that the whole process would take approximately three years and the money would be paid from the date that the application was submitted. "Luba Kramrish" explained that her fee would be the entire amount paid from the application date to the approval date.

c. When the Claims Conference finally approved Witness-4's application, "Luba Kramrish" demanded that she be paid her fee in cash. When Witness-4 questioned the sum and why it should be paid in cash, "Luba Kramrish" replied that if Witness-4 did not pay, that would be the only amount Witness-4 would receive and that she would inform the Claims Conference to cancel all future payments. Witness-4 paid "Luba Kramrish," as she requested.


23. I have reviewed an Article 2 Fund application in the name of Witness-4, dated January 20, 2005, and I have learned the following:

a. The application materials contain a description of Witness-4's life in a ghetto established for Jewish individuals from in or about 1941 through in or about 1944. As set forth in paragraph 24, below, this description is false.


b. The Claims Conference approved Witness-4's Article 2 Fund application in or about September 2008, and issued an initial payment shortly thereafter.

24. As part of its review of fraudulent applications, the Claims Conference has determined that Witness-4's application and supporting documents contained false information and that Witness-4 is ineligible for the Article 2 Fund. Verification information that the Claims Conference recently obtained from Source-1 shows that Witness-4 evacuated to unoccupied territory to avoid the Nazi advance during World War II.

WHEREFORE, I respectfully request that an arrest warrant be issued for LUBA KRAMRISH, the defendant, and that she be arrested and imprisoned, or bailed, as the case may be.


CARRIE E. FISHER
Special Agent
Federal Bureau of Investigation

Sworn to before me this
15th day of September, 2011


HONORABLE ANDREW J. PECK
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK